

**STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

FINAL DETERMINATION OF ACCEPTANCE

Petition of Noble Energy, Inc.) Case No.: DOG-19-2008
For Drilling Unit and Spacing Unit Exception for the)
Ellerman #1-5 CBM Unit located in the North Half of the)
Southeast quarter of Section 5, T6N, R9W, Sullivan
County, Indiana, consisting of 80 Acres

As provided in 312 IAC 16-5-2, an informal hearing was conducted under 312 16-2-3 and held in this matter on 2/9/2009, before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Indianapolis Office located at 402 West Washington Street, Room W293, Indianapolis, IN. The purpose of the informal hearing was to consider the Petition for an exception to the well spacing and drilling unit requirements filed by Noble Energy, Inc. (Petitioner) for the creation of an 80 acre drilling unit known as the Ellerman #1-5 CBM Drilling Unit.

Having reviewed the entire record in this matter, and being duly advised, the Director of the Division of Oil and Gas (Director) makes the following Findings of Fact, Conclusions of Law and Final Determination of Acceptance:

FINDINGS OF FACT

1. Petitioner Noble Energy, Inc. is a Colorado corporation whose principal place of business is 1625 Broadway Street, Suite 2200, Denver, CO 80202. Noble is authorized to transact business in the State of Indiana and its agent for service of process is Karen Anspaugh, 49 Boone Village, Suite 168, Zionsville, Indiana 46077.
2. Indiana Code 14-37-3-3 requires the IDNR to regulate the spacing of wells for oil and gas purposes through the establishment of rules providing minimum distances between wells and adjacent properties, and minimum acreage requirements for each well taking into consideration of regional and geological characteristics and factors conducive to the most efficient and economical recovery of oil and gas.
3. 312 IAC 16-5-1 through 312 IAC 16-5-3 contain the rules adopted by IDNR for regulation of well spacing and drilling unit size.
4. 312 IAC 16-5-2 allows the Division Director to grant an exception to the spacing or drilling unit requirements of 312 IAC 16-5-1 and 312 IAC 16-5-2 where the request is supported by unusual regional or geological characteristics and the exception is conducive to the most efficient and economical recovery of oil and gas.
5. Petitioner asserts that Section 5, Township 6 North, Range 9 West in Sullivan County, IN is a regular section established within the rectangular survey system. The North Half of the

Southeast quarter of section five (affected area) contains 80.00 acres, more or less.

6. Petitioner proposes the establishment of a drilling unit for coalbed methane recovery that will contain 80 acres, more or less.
7. Petitioner proposes to drill five or more coalbed methane wells within the affected area.
8. Petitioner requests that the spacing requirements between wells drilled within the affected area be eliminated. Petitioner asserts that no well will be drilled for the recovery of coalbed methane within 330 feet of the drilling unit boundary.
9. Petitioner asserts that ownership of the coal underlying the drilling unit has not been severed from the surface estate and there are no current coal leases pertaining to the land contained within the affected area. Petitioner represents that there are two operative Oil and Gas Leases covering land within the affected area and one Unitization Agreement with the State of Indiana.
10. Petitioner further asserts that drilling five wells within the proposed drilling unit will effectively and economically recover coal bed methane within the affected area.
11. Petitioner attached the following documents to its Petition:
 - a. Exhibit "A" – Schedule of Leasehold Interests
 - b. Exhibit "B" – Map of Affected Area
 - c. Exhibit "C" – Copies of Oil and Gas Leases Covering Land Within the Drilling Unit and State Land Unitization Agreement
12. As required by 312 IAC 16-2-3 (c), notice of the date, time, and place of the informal hearing held in the Indianapolis Office of the Division of Oil and Gas on February 9, 2009 was mailed to each landowner on the schedule of leasehold interests on January 15, 2009.
13. The following persons were present at the informal hearing held on 2/9/2009:

<u>Person</u>	<u>Representing</u>
Jim Curry	Noble Energy, Inc.
Scott Lewis	Noble Energy, Inc.
Colin Hoover	Noble Energy, Inc.
Karen Anspaugh	Noble Energy, Inc.
Mona Nemecek	IN DNR Div. Oil and Gas
14. No comments or objections to the Petition were submitted by any other parties, on or before the date of the informal hearing.
15. No comments or objections to the Petition were submitted by any persons present at the informal hearing.
16. Based upon a review of all relevant information, the Petition should be accepted in order to allow the Petitioner to proceed with the efficient and economical development of the Affected Area in accordance with the Final Determination of Acceptance.

CONCLUSIONS OF LAW AND FINAL DETERMINATION OF ACCEPTANCE

1. IC 14-37-3-3 and any rules promulgated thereunder apply and are pertinent to the subject matter of the Petition filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to approve this Petition.
4. The Petition, herein referenced, contains the elements required by law.
5. The drilling unit acreage requested by Petitioner is hereby approved for Coalbed Methane Drilling as follows:
 - a. A drilling unit, consisting of 80 acres more or less, located in the North Half of the southeast quarter of Section 5, Township 6 North, Range 9 West, Sullivan County, IN:
 - b. No minimum spacing between wells drilled for coalbed methane recovery and all wells shall be drilled at least three hundred thirty (330) feet from any unconsolidated property line.
5. This determination is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7.

February 16, 2009

Dated



Herschel L. McDivitt, Director
Division of Oil and Gas

**DIVISION OF OIL AND GAS
DEPARTMENT OF NATURAL RESOURCES**

**NOTICE OF FINAL DETERMINATION OF ACCEPTANCE
NOTICE OF RIGHT TO APPEAL
CERTIFICATE OF MAILING**

You are hereby notified that on the date indicated below, the Indiana Department of Natural Resources, through the Director of the Division of Oil and Gas, issued a Final Determination of Acceptance with respect to a Petition for an exception to the well spacing and drilling unit requirements found in 312 IAC 16-5-1 through 312 IAC 16-5-3. The Order of Acceptance is based on a Petition filed by Noble Energy, Inc. (Petitioner) and on an Informal Hearing held in this matter on 2/9/2009, in Indianapolis, Indiana to consider the Petition for the establishment of an eighty acre drilling unit in Sullivan County, Indiana. A copy of the Final Determination of Acceptance issued on the date indicated below is enclosed.

The terms of the enclosed Final Determination of Acceptance are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. In order to qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:

- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, Indianapolis, IN 46204 within eighteen (18) days after the mailing date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the enclosed Final Determination of Acceptance will become final and binding.

I further certify that a copy of the referenced Final Determination of Acceptance was sent by First Class Mail on the date indicated below to the following:

Ellie Ellerman, 303 North Alexander Street, Carlisle, IN 47838
Town of Carlisle, One West Jackson, Sullivan, IN 47882
State of Indiana, Department of Natural Resources, 402 West Washington Street,
Indianapolis, IN 46204

Karen J. Anspaugh, Atty., 49 Boone Village, Suite 168, Zionsville, IN 46077
Jim Curry, Noble Energy, Inc., 100 Glenborough, Suite 100, Houston, TX 77067

February 16 2009
Date



Herschel L. McDivitt, Director
Division of Oil and Gas